
Introduced by Senator Huff

February 21, 2013

An act to amend Section 7522.04 of the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

SB 481, as introduced, Huff. California Public Employees' Pension Reform Act of 2013.

The California Public Employees' Pension Reform Act of 2013 (PEPRA), on and after January 1, 2013, generally requires a public retirement system, as defined, to modify its plan or plans to comply with the act, as specified. Among other things, PEPRA prohibits a public employer offering a defined benefit pension plan from exceeding specified retirement formulas for new members and prohibits an enhancement of a public employee's retirement formula or benefit adopted after January 1, 2013, from applying to service performed prior to the operative date of the enhancement. PEPRA prescribes definitions for the purposes of its provisions.

This bill would make a nonsubstantive change to PEPRA.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 7522.04 of the Government Code is
- 2 amended to read:
- 3 7522.04. For the purposes of this article:
- 4 (a) "Defined benefit formula" means a formula used by ~~the~~ a
- 5 retirement system to determine a retirement benefit based on age,

1 years of service, and pensionable compensation earned by an
2 employee up to the limit defined in Section 7522.10.

3 (b) “Employee contributions” means the contributions to a public
4 retirement system required to be paid by a member of the system,
5 as fixed by law, regulation, administrative action, contract, contract
6 amendment, or other written agreement recognized by the
7 retirement system as establishing an employee contribution.

8 (c) “Federal system” means the old age, survivors, disability,
9 and health insurance provisions of the federal Social Security Act
10 (42 U.S.C. Sec. 301 et seq.).

11 (d) “Member” means a public employee who is a member of
12 any type of a public retirement system or plan.

13 (e) “New employee” means either of the following:

14 (1) An employee, including one who is elected or appointed, of
15 a public employer who is employed for the first time by any public
16 employer on or after January 1, 2013, and who was not employed
17 by any other public employer prior to that date.

18 (2) An employee, including one who is elected or appointed, of
19 a public employer who is employed for the first time by any public
20 employer on or after January 1, 2013, and who was employed by
21 another public employer prior to that date, but who was not subject
22 to reciprocity under subdivision (c) of Section 7522.02.

23 (f) “New member” means any of the following:

24 (1) An individual who becomes a member of any public
25 retirement system for the first time on or after January 1, 2013,
26 and who was not a member of any other public retirement system
27 prior to that date.

28 (2) An individual who becomes a member of a public retirement
29 system for the first time on or after January 1, 2013, and who was
30 a member of another public retirement system prior to that date,
31 but who was not subject to reciprocity under subdivision (c) of
32 Section 7522.02.

33 (3) An individual who was an active member in a retirement
34 system and who, after a break in service of more than six months,
35 returned to active membership in that system with a new employer.
36 For purposes of this subdivision, a change in employment between
37 state entities or from one school employer to another shall not be
38 considered as service with a new employer.

39 (g) “Normal cost” means the portion of the present value of
40 projected benefits under the defined benefit that is attributable to

1 the current year of service, as determined by the public retirement
2 system's actuary according to the most recently completed
3 valuation.

4 (h) "Public employee" means an officer, including one who is
5 elected or appointed, or an employee of a public employer.

6 (i) "Public employer" means:

7 (1) The state and every state entity, including, but not limited
8 to, the Legislature, the judicial branch, including judicial officers,
9 and the California State University.

10 (2) Any political subdivision of the state, or agency or
11 instrumentality of the state or subdivision of the state, including,
12 but not limited to, a city, county, city and county, a charter city, a
13 charter county, school district, community college district, joint
14 powers authority, joint powers agency, and any public agency,
15 authority, board, commission, or district.

16 (3) Any charter school that elects or is required to participate
17 in a public retirement system.

18 (j) "Public retirement system" means any pension or retirement
19 system of a public employer, including, but not limited to, an
20 independent retirement plan offered by a public employer that the
21 public employer participates in or offers to its employees for the
22 purpose of providing retirement benefits, or a system of benefits
23 for public employees that is governed by Section 401(a) of Title
24 26 of the United States Code.